

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING - LOAN BUSINESS

April 19, 2006 - 12:00 P.M.

Eighth & Main Building, 3rd Floor Conference Room
Richmond, Virginia

- I. Voting members present: Andy Brownstein, Bob Young (on behalf of the Honorable J. Braxton Powell), Jack Stephens, Michael Joyce, Jane-Scott Cantus, and Mike Eisenman. Others present: Scott Parsons, Stephanie Hamlett (Senior Assistant Attorney General), Barbara Carter, Mary Jo Sisson-Vaughan, Patty Thorne, Anna Mackley Cobb, and Patricia Musial.
- II. Approval of Minutes - On a motion by Jack Stephens, seconded by Bob Young, the minutes of the March 15, 2006, Board of Directors Meeting - Loan Business, were unanimously approved. (Mr. Joyce was not present for the vote.)
- III. Board Review and Ratification of Loans Approved/Declined by Staff - On a motion by Jane-Scott Cantus, seconded by Jack Stephens, the loan decisions of \$500,000 or less approved/declined by staff for January 2006 were unanimously ratified. (Mr. Joyce was not present for the vote.)
- IV. NPPF Intermediate Funding I, LLC Proposed Bond Request - Patty Thorne presented to the Board a proposed new concept to use VSBFA's existing authority to issue a jumbo bond in the amount of \$500,000,000. The borrower in the transaction would be NPPF Intermediate Funding I, LLC, a 501(c) (3) organization. This entity will use this bond as a mechanism for non-profit organizations nationwide to obtain low-cost financing for projects such as new construction, equipment acquisition, renovations, refinancing, reimbursement of prior capital expenditures, and all other permitted uses for tax-exempt borrowings. Discussion ensued regarding the proposed concept covering issues such as interest in this financing from various non-profit entities across the country, the Authority's power to finance projects that are out of state, judicial validation process, management of the loans, holding public hearings, and fee income. A motion was made by Mr. Young and seconded by Mr. Stephens to approve the resolution as presented to include a one-time fee of 5 basis points, subject to a floor of \$75,000 and a cap of \$150,000, with a right of first refusal for the next four bond requests from this client. Voting aye: Mr. Young. Voting nay: Mr. Brownstein, Mr. Stephens, Ms. Cantus, Mr. Joyce, and Mr. Eisenman. Motion not carried.

An amendment to the motion was then made by Michael Joyce and seconded by Mike Eisenman to approve the resolution as presented and to charge a one-time fee of 5 basis points, with a floor of \$75,000, and subject to whatever cap may be negotiated by the Executive Director. Voting aye: Mr. Brownstein, Mr. Stephens, Ms. Cantus, Mr. Joyce, and Mr. Eisenman. Voting nay: Mr. Young. Motion carried. The resolution was approved.

- V. Discussion with Executive Director of the Virginia Economic Development Partnership (VEDP) - Scott Parsons introduced Mr. Jeff Anderson to board members. During his career in private industry, Mr. Anderson worked extensively with the financial services community, venture capital, investment bank, and start up businesses associated with the emerging market. Mr. Anderson expressed an interest in the programs offered by the Financing Authority and how they affect the markets from an economic development financing position. He was invited to share with the Board some sense of what he believes is necessary to help finance economic development projects and how the Financing Authority can be better partners with VEDP in this regard. The discussion was centered on Virginia's participation in small business emerging markets, gaining access to capital, and having the tools to be competitive with other states. Mr. Anderson talked about a study done by VEDP that compared the structures of financing vehicles offered in North Carolina, Maryland, and Pennsylvania. The study will assist in preparation of a white paper for Governor Kaine to use to develop a strategy for Virginia to compete in the emerging markets and small business arena. Board members asked various questions about the states' programs in the study, the collaboration of private and public funding particularly in the area of research and development, emerging technologies, and how the Financing Authority can assist the VEDP in its recruiting needs and existing business expansion clients. Mr. Parsons then thanked Mr. Anderson for speaking to the Board.

- VI. The meeting was adjourned.